

Remarks

In the Office Action mailed April 23, 2003:

1. Claim 22 was objected to because of an informality;
2. Claims 4, 24 and 43 were rejected under 35 U.S.C. § 112 ¶ 2;
3. Claims 34-37, 42 are *assumed* to be rejected under 35 U.S.C. § 112, because they were identified as vague and indefinite "since a system may be one of several different statutory classes of invention" (paragraph 4 of office action);
4. Claims 1-5, 8, 10-11, 20-24 and 26-28 were rejected under 35 U.S.C. § 101;
5. Claims 1-6, 8-11, 20, 22, 24-25, 34-39 and 44-47 were rejected under 35 U.S.C. § 103(a) in view of U.S. Patent No. 5,677,955 (Doggett) and U.S. Patent No. 6,058,382 (Kasai);
6. Claim 7 was rejected under 35 U.S.C. § 103(a) in view of Doggett, Kasai and U.S. Patent No. 6,070,150 (Remington);
7. Claims 12-16, 18-19, 30-33 and 41 were rejected under 35 U.S.C. § 103(a) in view of Doggett, Kasai and U.S. Patent No. 6,029,151 (Nikander);
8. Claim 17 was rejected under 35 U.S.C. § 103(a) in view of Doggett, Kasai, Nikander and U.S. Patent No. 6,069,896 (Borgstahl);
9. Claims 21, 23, 26-28, 40 and 43 were rejected under 35 U.S.C. § 103(a) in view of Doggett, Kasai and U.S. Patent No. 5,963,647 (Downing);
10. Claim 29 was rejected under 35 U.S.C. § 103(a) in view of Doggett, Kasai, Downing and Nikander;
11. Claim 42 was rejected under 35 U.S.C. § 103(a) in view of Doggett, Kasai, Nikander and U.S. Patent No. 5,159,592 (Perkins);

I. Informalities

Claim 22 was amended to replace "the form" with "a form."

II. 35 U.S.C. § 112 Rejections

1. **Claim 4**

Merriam-Webster's Dictionary (10th ed.) offers the following among several definitions of "exchange" when used as a verb: "to engage in an exchange." As a noun, "exchange"

includes the following definition: “the act of giving *or* taking one thing in return for another” (emphasis added). Thus, the “value to be exchanged between the first user and the second user” as recited in claim 1 may be given from the first user to the second user, or vice versa. Claim 4 therefore does not contradict claim 1.

2. Claim 24

Claim 24 has been amended to remove the reference to “(d)”.

3. Claim 43

Claim 43 does not specify an ordered sequence for the “registering” and “transferring” operations. Therefore, it is not required for the registering operation to be executed before the transferring operation. In the method of claim 43, the first value may be transferred from the registered user to the unregistered user *before* the unregistered user is registered.

4. Claims 34-47, 42

Claims 34-47 and 42 are intended to be apparatus claims.

III. 35 U.S.C. § 101 Rejections

Claims 1 and 26 were amended to more clearly include a technological basis.

IV. Doggett (U.S. Patent No. 5,677,955)

The invention disclosed in Doggett is described as providing a method of creating an electronic instrument for effecting a transfer of funds from a payer’s account to a payee (column 3, lines 2-5). As one of several security mechanisms, the created instrument includes the payer’s digital signature (column 3, lines 5-11; column 7, lines 14-20). There are significant differences between Doggett and claimed embodiments of Applicants’ invention, which were identified in Applicants’ previous reply but not addressed in the present office action.

A. Doggett Requires Communication Between Parties

In Doggett, parties *must* communicate with each other, as recognized in the Examiner’s Response to Arguments (paragraph 13 of the office action). Claimed embodiments of the

invention, however, specify there is no communication between users engaging in a value exchange.

B. A Payer Notifies a Payee, Not a Value Exchange System, of a Transfer

The method of transferring funds described in Doggett provides for the transfer of an electronic check directly from a payer to the payee (column 7, lines 49-64). Only after the payee endorses the electronic check does it go to a third party (column 8, lines 4-18). In other words, in Doggett, the institution that maintains the funds transferred by the payer (e.g., the payer's bank), as well as the institution that will receive the funds for the payee (e.g., the payee's bank), are only notified of the transaction after the parties have conducted the transaction.

The system of Doggett need not, and does not, notify the payee of the transaction, because the payee is notified through receipt of the electronic check. The paragraph cited by the Examiner as anticipating Applicants' use of the value exchange system to notify a user of a transaction (i.e., column 7, line 65 et seq) merely describes how the payee processes an electronic check. The "notification" passing between the payee and a third party is an inherent notification of a banking institution, by the payee (not by the payer). Doggett thus operates in a manner opposite to, and teaches away from, Applicants' claimed method of notification, in which a value transfer system provides notification to a user.

C. Doggett Cannot Identify a Value Recipient by Electronic Mail Address

Because the value transfer method of Doggett employs an electronic check that mimics a paper check (column 7, lines 11-20), the payer must use the payee's *name* to identify the payee (column 10, line 5 et seq.; column 7, line 52). Doggett does not suggest the use of the payee's electronic mail address to identify the payee.

An electronic check in Doggett may include the *payer's* electronic mail address, but merely for the purpose of enabling the payee to acknowledge receipt of the electronic check (column 10, lines 13-17), not for identifying the payee to a value exchange system or a financial institution.

In the Examiner's "Response to Arguments," the Examiner states that since "Doggett discloses the use of the e-mail address that is sent with the transfer, there is the 'use of the party's electronic mail in an actual transfer'." Even if Doggett does use "a" party's electronic mail

address in an electronic check, it is used in a way that teaches away from claimed embodiments of Applicants' invention – it does not identify the payee of a value exchange to a value exchange system! (See claim 1)

D. Doggett's System Does Not Receive a Transaction from the Payer

In the method described in Doggett, an electronic check is created by the payer and sent to the payee (column 7, line 49 *et seq.*). As mentioned above, *after* receipt and endorsement by the payee, a financial institution or other third party may be notified (column 8, lines 15-18). Thus, it is the *payee*, not the *payer* that submits a funds transfer instrument for settlement. This is counter to, and teaches away from, claimed methods of Applicants' operation.

E. Doggett Does Not Provide a Value Exchange System

In Doggett, a payer sends a financial instrument directly to a payee (column 7, lines 62-64); the payee forwards the payment information to its account receivable system (column 8, lines 12-15) and deposits the instrument with the payee's bank (column 8, lines 15-18). The payee's bank then clears the instrument with the payer's bank (column 8, lines 24-27). Thus, there is no entity comparable to Applicants' "value exchange system." The payer's and payee's banks merely allow settlement of the instrument; they are not even aware of the transaction until the parties have already conducted it.

In claimed embodiments of Applicants' invention, a value exchange system separate from users exchanging value takes several actions to facilitate the exchange of value between the users. Doggett does not teach or suggest a comparable entity for receiving a value transfer request from a first party, registering the first party, generating and sending a notification to the second party, executing the transfer, etc.

V. Kasai (U.S. Patent No. 6,058,382)

Kasai discloses an "Electronic Money Holding Device Utilizing an Automatic Payment Method" (title). In particular, Kasai discusses a device (an IC card) for storing electronic money and a method of using the device to transfer the stored money for a pre-existing contract having a due date (column 1, lines 51-64). The device and method of Kasai significantly differ from claimed embodiments of Applicants' invention.

A. A Payer Notifies a Payee of a Transfer

The method of transferring electronic money described in Kasai provides for a payer or service buyer to transfer funds from the payer's IC card directly to a service provider (e.g., column 2, lines 23-30; column 5, lines 33-36). The Examiner opines that this constitutes notification of both parties to the transaction. Even if this does constitute notification, then, as in Doggett, it involves the *payer* notifying the payee, and it is performed concurrently with the actual transfer. As with Doggett, this teaches away from claimed embodiments of the present invention.

B. Kasai Requires Direct Communication Between Payer and Payee

The Examiner cites to column 5, lines 30-32, wherein a user (i.e., payer) connects to a service provider and verifies that he or she is connected to the correct party. As with Doggett, this requires direct communication between the parties. This also teaches away from a claimed embodiment of Applicants' invention.

C. Kasai Does Not Provide a Value Exchange System

In Kasai, a buyer or payer sends electronic money directly to a service provider (column 5, lines 33-36). In claimed embodiments of Applicants' invention, a value exchange system takes several actions to facilitate an exchange of value between users who are separate from the system. Kasai does not teach or suggest a comparable entity for receiving a value transfer request from a first party, registering the first party, generating and sending a notification to the second party, executing the transfer, etc.

VI. Selected Claims

A. Claims 1 and 39

There are several aspects of Applicants' invention, as recited in claims 1 and 39, which Doggett and Kasai fail to teach or suggest.

1. "facilitating a value exchange between multiple users in a distributed value exchange system *without requiring a user to initiate a communication to another user*"

a. Doggett and Kasai require communication between parties

Doggett and Kasai require contact or communication between the sender and the recipient of a fund transfer. “The payer 12 then electronically sends the instrument 74 and the memorandum 66 ... to the payee 14” (Doggett, column 7, lines 62-64). “When the computer 7 of the user and the service provider money transaction management system 4 are connected ...” (Kasai, column 5, lines 28-30). Doggett and Kasai thus teach the polar opposite of not requiring a user to initiate a communication to another user, and *teach away* from Applicants’ invention as recited in claims 1 and 39.

The Examiner’s corresponding remark (paragraph 13 of the office action) is irrelevant. The Examiner observed that Doggett “teaches using a network, this provides indirect communication between parties.” This supports Applicants’ assertion that Doggett cannot work without communication between the parties. *The fact is that Doggett and Kasai require communication between parties; claims 1 and 39 specify that no communication must be initiated between users.*

b. Doggett does not constitute a value exchange system

Also, in rejecting claims 1 and 39, the Examiner stated that, in Doggett, “there is present a system that is a: value exchange, distributed exchange, distributed transaction and distributed financial service” (page 6). This logic fails, because the so-called “system” of Doggett does not meet the basic definition required in the preamble to claims 1 and 39, which states that the value exchange system does not require the users to initiate any communication between themselves.

2. “registering a first user with the value exchange system, wherein the first user is assigned a first account with the value exchange system”

Doggett does not disclose this element, as acknowledged by the Examiner (paragraph 6). Kasai is directed to an electronic money holding device, not a collection of payers and payees as in Doggett or a value exchange system such as Applicant’s. In Kasai, the cited portion (column 3, lines 35-66) does not appear to describe the registration of a user, and certainly not within a “value exchange system.” Instead, the cited portion describes the configuration of an IC card.

In Kasai, the contracts for which payments are to be made by a service buyer to a service provider already exist, and so do the necessary purse IDs, telephone numbers and other data needed to transfer electronic money between devices. Because the contracts already exist, the service buyer and service provider must already exist and be known as well. Therefore, Kasai does not disclose the registration of first user or a service buyer. At best, Kasai teaches one to perform automatic payments for a *previously* registered contract with a user or buyer – not how to register a contract as part of conducting an automatic payment (column 1, lines 55-56; column 1, lines 59-61).

In paragraph 13 of the office action, the Examiner stated that using e-mail inherently requires registering with an internet service provider. However, claimed embodiments of the invention (e.g., claim 2) recite the initiation of a value exchange with a user who is not already registered – that user may be registered as part of the value exchange. An internet service provider cannot provide a user with e-mail services until that user is registered. Thus, there is a significant difference.

3. “receiving at the value exchange system a value exchange transaction from the first user, wherein said transaction involves a second user”

The portion of Doggett cited by the Examiner (column 6, lines 1-3) as anticipating this “receiving at the value exchange system” element does not seem to bear any relevance to the element. The cited portion addresses the low cost of processing an electronic instrument.

In Doggett, until a transaction is completed between a payer and a payee, and an electronic check is forwarded to the payee’s financial institution, only the payer and the payee know about the transaction. Similarly, in Kasai, a transfer of electronic money needs only a buyer and a service provider, who communicate directly to execute the transfer. Neither Doggett nor Kasai can teach this element, because neither of them provide a “value exchange system.”

- 4 “a pre-existing identifier of the second user, wherein the pre-existing identifier enables communication with the second user independent of the value exchange system”

The Examiner cites several portions of Doggett as anticipating this element of claim 1, but no reference numerals were enumerated within the cited Figures 3-5. Secure authenticator

68 (Figure 3), which is the only element in Figures 3 and 5 referred to in the cited text (column 7, line 65 to column 8, line 8) cannot anticipate the “pre-existing identifier,” as it is not received as part of “a value exchange transaction” at a value exchange system.

Doggett’s Figure 4 and accompanying text (column 8, line 60 to column 9, line 46) describes a workstation on which an electronic check may be created or verified. No specific pre-existing identifier matching Applicants’ identifier is cited in that text.

Also, the Examiner indicates that Doggett teaches the use of a telephone number or electronic mail address as the “pre-existing identifier.” However, at column 13, line 7, Doggett only discusses the use of this information on a deposit instrument 160, *not* as part of the financial instrument 74 received by the payee. The deposit instrument is created after a payee receives a payer’s electronic check. Thus, the “identifiers” cited by the Examiner are not received at a “value exchange system” as part of “a value exchange transaction” submitted to the system by one user.

5. “at the value exchange system:
generating a notification of said value exchange transaction;
electronically sending said notification to the second user”

The Examiner states, in paragraph 5 of the office action, that Doggett “does not disclose sending notification before a value is: allocated, transferred, or connection is received from a second party/user.” Instead, Kasai is said to include “notification generation and sending said notification to the second user.” However, the portion of Kasai that appears to be cited for this proposition (column 5, lines 28-32) describes how a connection between a user computer and a service provider electronic money transaction management system is used to ensure the connection is to the correct party. There is no mention of notification of a value exchange transaction.

In both Doggett and Kasai, notification of a money transfer takes the form of the transfer itself. In particular, notification of a transfer to a payee arrives simultaneously with the value transferred from the payer. Further, the notifications are provided *directly* to the payee *by the payer*, the same party that originated the transfer.

As recited in claims 1 and 39, a *value exchange system* separate from the parties to an exchange, generates and sends a notification to a payee regarding a transfer initiated by a payer.

B. Claims 26, 40

Claims 26 and 40 recite elements similar to those described above; Applicants traverse the rejections of these claims for the same reasons. For example, claims 26 and 40 require the second user to be notified of a value exchange by the distributed transaction system. Doggett, Kasai and Downing require the initiating user to notify the recipient.

C. Claims 30, 41

Claims 30 and 41 recite elements similar to those described above; Applicants traverse the rejections of these claims for the same reasons. For example, claims 30 and 41 require the second user to be notified of a value exchange by the distributed transaction system. Doggett and Kasai require the initiating user to notify the recipient.

D. Claim 34

Several entities in Doggett were asserted against the elements of claim 34. However, supposed communication [server] (91 and 93; fig 4; col 8, lines 65-67) does not notify a second party using an electronic mail address, and does not register the second party if not already registered. Items 91 and 93 of figure 4 are modems; the specified text identifies them as such. No communication server or equivalent entity is described.

Further, the financial [server] (col 10, lines 22-30) merely constitutes a discussion of the standardized format of an electronic check; no financial server or equivalent is described.

E. Claim 42

Claim 42 requires a value receiver to be identifiable, for the purposes of a value transfer, only by an electronic mail address. The Examiner recognizes that neither Doggett nor Kasai disclose this element (paragraph 12 of the office action). Perkins (column 2, line 61 to column 3, line 14) discusses the association on an Internet address with a mobile unit in a “pseudo-network” – a network that is not physically embodied.

However, the Internet or network address is not the only way to identify the mobile unit. At column 5, lines 57-60, Perkins requires a mobile unit to identify itself to a gateway with a

separate serial number before the mobile unit can be given an Internet address. Thus, Perkins *teaches away* from Applicants' invention.

Also, an Internet address is not the same thing as an electronic mail address; multiple electronic mail addressees can use a single Internet address. Thus, an Internet address cannot disambiguate one user from another. Further, the Internet address of the mobile unit.

F. Claim 43

Claim 43 recites a value transfer involving a users identified only by an electronic mail address. It appears that Doggett or Kasai are relied upon as teaching or suggesting this element, but the Examiner recognized that neither Doggett nor Kasai disclose "a value receiver identifiable only by an electronic mail address" (paragraph 12 of the office action).

Claim 43 also requires the receiving party to be notified of a value transfer by a value transfer system – not the other party.

G. Claim 44

In the embodiment of the invention reflected in claim 44, a value transfer system sends notification of a value transfer to the recipient. Doggett teaches away from this by requiring a payee to be notified of a value transfer by the party transferring the value. This teaches away from the claimed embodiment of the invention wherein no contact is required between the first and second users.

CONCLUSION

No new matter has been added with the preceding amendments. It is submitted that the application is in suitable condition for allowance. Such action is respectfully requested. If prosecution of this application may be facilitated through a telephone interview, the Examiner is invited to contact Applicant's attorney identified below.

Respectfully submitted,

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